

Hawaiian Gazette Supplement, April 27, 1881.

Taxation.

EDITOR GAZETTE:—We wish to follow Mr. Castle in his double taxation theory a little further, and will take for illustration the following extreme case, which Mr. Castle would no doubt say, was double, if not triple taxation, and one only of the three individuals mentioned below should be taxed the others only hold "claims."

Suppose A imports \$100,000 worth of merchandise, including insurance, freight, &c. He sells to A No. 2 a country merchant, the entire invoice, about 10 per cent profit, for \$20,000 cash, and A No. 2's note for \$80,000 payable one year from date with an interest of 1 per cent per annum.

A No. 2 adds to the \$10,000 which he paid for the goods, 1 per cent insurance, 4 per cent freight and other charges, and 12 per cent profit, and sells the entire lot to the planter B, for \$80,700 cash, and B's note for \$80,000 payable 11 months after date, with an interest of 1 per cent per month.

In this first transaction, A has made a net profit of \$10,000 and established an annual income of \$2,000. A No. 2 has made a net profit of \$12,500 and established an annual income of \$1,250. B has the merchandise for which he paid \$125,700.

The second transaction makes his appearance, and from B's schedule he finds B in possession of merchandise worth \$125,700 which he assesses against B. A No. 2 finds in possession of \$80,700 cash, and money at interest \$85,000, his assessment foots up \$125,700 money on hand and money at interest.

A No. 2 assesses \$80,000 cash and \$5,000 at interest. At 1 per cent his money at the end of twelve months he will have realized on his venture a net profit of \$1,000.

A No. 2 gets B's note at the end of eleven months from B, has received \$14,000, net profit, besides which he has made a stake before the year closes out of his money in hand.

B must work to a purpose if he ever makes anything out of his venture, but B is a free man, and he would be in a worse state without him. He is working away on his plantation with his numerous employees and trying to make a profit out of it. His property by law, his profits are in the clear.

These three figures may not be mathematically correct, but they are sufficiently so to illustrate the principle. Here we find three things, three different properties, three different sources of income, three different amounts of income, (1) B never gets back, and there different amounts based on each, for three different properties. We ask, which is to be taxed? Where is the double taxation, or the triple taxation?

We answer, the taxation is just; but if B or his property should be compelled to pay the whole or a part of the taxes assessed against the two A's, it would be a triple taxation, and an unequal taxation, a legal robbery and an outrage against the rights of a valuable citizen.

Mr. Castle says that "the property owned by A No. 2 has changed its form," which is quite true; but property changes its form, its value, its use, its location, but it is not changed in its form. It was simply changed from money in hand, producing nothing, to money in business, producing an income. If by the simple change of form of A's property should be exempt from taxation, we claim the same exemption for B. He changed his form from money in hand to a plantation, from which he hopes to make a profit. And as it was with our first supposed transaction, the property was constantly changing its form, and amount, and ownership from its first acquisition until it finally rested in the hands of B. Since the assessment found in the case of every change of form, or ownership, they left their value behind them, with a profit in the hands of the former owner. Mr. Castle will hardly hold as a rule that a man should be exempt from taxation if he changed the "form" of his property, justice demands, except once, that all. They all stand on the same footing, have like protection and privileges, and live and thrive from the profits of their business.

The "claims" are wealth to those that hold them, and are constantly increasing in value; the same wealth is wealth to the possessor, and he pays 10 or 15 or 20 or a greater per cent, out of it. Every class of property that has a money value must be taxed, whether it be a claim for damages, merchandise, plantation or other property. The only question is what is the property worth in money and cents, which should apply to "claims," as well as to all other values. Then there would be no double or triple taxation. If all kinds of property paid its just proportion of taxes, the burden of supporting the Government would come light on each.

We are not arguing law, but justice—what law should be. A law that would balance debts and credits and tax what remains without regard to business or profits, and say in effect, "Mr. B, if you should lend your money for an interest and have it well secured, we will not tax you. But if through supporting industry you continue in creating wealth from the elements, as you are now doing in planting and buying plantations, horses, mules, tools, planting, etc., building mills, dwellings, and using water, and employing men by thousands, and doing all these things, we will tax you, and we will tax your profits. We will tax your lands and the profits growing upon your lands; we will tax the profits that bring the water to make the cane grow, and tax the animals and tools you work with; we will tax your mills and dwellings, and the profits of your mills; we will tax what you export and what you import; we will tax all the wealth you have. A law in property and we cannot tax you. We have only "claims" for money drawn from you." Such are Mr. Castle's sentiments, as gathered from his communications. We may call them "claims" if we wish.

But that taxes B because he invests his money in industrial development, and consumes A from taxation because he invests his money in speculation, is not justice and the same civilization by a rule of law. People are supposed to pay taxes for protection and privileges, and by credit they are enabled to do business, make a living and accumulate wealth, their protection is no sure and their privileges no more so, though the entire system they are operating with was absolutely their own and they should pay taxes accordingly. "Everything of value" should be taxed to the full—claiming and enjoying that value.

If A and A No. 2 were what their appearance indicates, they would say, "Hold on, Mr. Castle, we want no special privileges in our case. We prefer to be judged on the same basis as the Christians, who do as we would be done by. We enjoy protection of life and property. We are allowed to travel and traffic in the kingdom, and are not taxed. In fact, we are now more wealthy than B has been since the second, and are able and willing to pay our share of the taxes." B has always paid taxes, and always expects to, and only finds himself compelled to pay the taxes of richer men that himself as well as his own.

Cruise and Loss of the Hawaiian Bark "Hawaii."

The bark *Hawaii* left Honolulu November 4th, 1880, for a cruise to the South Sea Islands for immigrants. Had a pleasant passage of fifteen days visiting the islands of Bechuan Islands. Left Japan for the islands of the Gilbert and Ellice's Mill groups. December 7th left the islands. December 12th we visited the islands of Butaritari and Little Makin, but did not communicate with the shore. I communicated with the following different islands: Puka, Nauru, Ararat, Tamsay, Oratoro, Taprona, Nauru, Apurima and Makina, getting sixty-one immigrants all told. Had stormy weather through the groups.

January 28th, 1881, at 5 o'clock p. m. we weighed anchor off the north end of the island of Makina and sailed for Tarawa at 6:30 p. m. Sighted the island, lying off and on during the night; wind from the N.E. On the 29th at daylight Tarawa was bearing N.E. distant fifteen miles. All of this day we were beating to windward towards Tarawa, making nothing; wind from N. to N.E. At 6 p. m. tacked ship and headed N.W. by W., the island of Makina bearing S.E. distant seven miles, and Tarawa bearing N. by E. distant twelve miles. At 8 p. m. the bark was heading N.W. by N. and N.N.W. and at 10:20 p. m. I left orders with the officer of the watch to tack ship at 11 p. m. and if the wind shifted any, to let me know. He tacked at 11 p. m. to a S.E. which course ought to have carried the bark five miles clear of the land. At 11:30 a. m. of the 29th of January a heavy squall of wind and rain struck the ship. I heard the first officer give the order to cleave down the top-gallant sails, the main light sails being hoisted previously stowed away. In a few minutes heard him give the order to let the main sail up and tack ship. I knew by the order that something was wrong, and immediately jumped out of my berth and went on deck. At that moment the vessel struck the bottom. I looked at the compass and found her heading N. E. I immediately hauled everything laid astern and tried to back her off, but without success. We lay just about the breakers and working broadside on. The weather was so thick and the night so dark that we could see no land. A few minutes later we were broadside on to the breakers. The ship commenced striking heavily, and the false

keel coming up alongside, started the pumps, but found no water in the hold. At 2 a. m. the hold was full of water, and the bottom of the vessel was stove in. We got the port boat down and clear of the vessel and had the immigrants all in the cabin. We were then obliged to cut away the masts for fear of the bark going to pieces before daylight. All hands were now and worked hard to save provisions, but were not successful in saving much, as the greater part was stowed in the lower hold and was under water. The ship was pounding and thrashing about with fearful violence. It must have been high tide when the bark struck, and as the tide went out the breakers were continually breaking on deck amidships. It was not possible to stand without holding on hard. When daylight broke the weather cleared a little and we found we were on the reef on the southwest end of the island of Tarawa, about one and a half miles from land. One ship's length to the north was smooth water and two ship's lengths toward the south would have cleared us of the reef.

We succeeded in getting the starboard boat down and the gig off the forward house without staving them. Hauled the boats under the starboard counter, it being the least exposed to the breakers, the vessel being listed seaward. We got our immigrants into the boats without accident. Six of the best of the men I kept on board to assist in saving provisions. The crew, with the second officer and H. J. Moore, our interpreter, were working the boats, and after several unsuccessful attempts we succeeded in getting the boats clear of the wreck, and landing our immigrants three-fourths of a mile from the beach, it being low tide at the time. The boats made several trips to and from the wreck during the day, each time saving something. It was raining and blowing fresh during the day. Just before dark and during a violent squall of wind and rain the boats left the wreck and with heavy hearts we made our way to the shore and made ourselves as comfortable as circumstances would permit. It was raining and blowing and everything was saturated with water. January 30th at daylight the boats started for the wreck and succeeded in saving a few barrels of meat. We found that the natives had been on board at low tide and carried off everything that was portable that had not been washed away. The breakers were so heavy that the boats were obliged to leave the wreck and return to the shore.

January 30th. Weather rainy and squally. The boats started for the wreck, but could not get on board, the breakers were so heavy.

January 31st. It was impossible to board the wreck; wind blowing hard from the N.W. At 2 p. m. Captain Randolph, of Apurima, and the missionary Hains arrived. At 5 p. m. the wind was blowing hard from S.W. The beach was strewn with portions of the wreck. At 4 p. m. I authorized my first officer to sell the wreck of the bark *Hawaii* at public auction as she lay on the reef, for the benefit of whom it may concern. The wreck was knocked down to Captain Randolph for the sum of \$80, he being the highest bidder.

February 1st. I bought a large boat from Captain Randolph, and on the 14th I started her for the island of Jaluit in charge of the second officer and four men, in hopes to intercept the *Storm Bird*. He arrived at Jaluit on the 21st and delivered my letter to our commercial agent and one to Captain Turner, and on the 25th the *Storm Bird* started to our relief, reaching us March 4th.

March 5th I transferred the immigrants to the *Storm Bird* and sold out what provisions I had left; then we all embarked on board of the *Storm Bird*.

March 7th, on board brigantine *Storm Bird*.—Engaged six immigrants this morning and then the captain had his anchor weighed and started for Apurima, arriving the same evening. We engaged four immigrants at this island. On the 14th started for Jaluit and arrived on the 15th. We filled our water tanks and on the 17th started for Honolulu with seventy immigrants all told: Captain, officers and crew of the wrecked bark *Hawaii*, Rev. Kapu, Hawaiian missionary from Tapa-tener, and Mr. H. J. Moore, our interpreter, as passengers. The first twelve days we had fresh trade and rainy weather, then light variable winds; made the islands of Nihon and Kauri April 17th and had light east winds thence to Honolulu, where we arrived April 28th.

Back, Wierman, late Master bark *Hawaii*.

Official Report of the Cruise of the "Storm Bird."

To His Excellency H. A. P. Carter, Minister of the Interior and President of the Hawaiian Board of Immigration, Respected Sir:—According to orders I sailed from Honolulu January 28th, bound for Jaluit, Marshall Islands, where I was to wait a reasonable time for the bark *Hawaii*, and she not arriving in that time, I was to make a cruise through the Gilbert Islands recruiting laborers, taking such a course as would bring me in communication with Captain Whitney, of the *Hawaii*. After a long passage during which we experienced light, variable winds, until within two hundred miles of port, when it blew very hard for twenty-four hours, doing some damage to sails, but from which we sustained no other injury, we reached Jaluit. On my arrival I reported sails and got ready for sea. February 23rd, the English barkentine *Redoubt* reported having seen the *Hawaii* at Drummond's Island about the 20th of January, therefore I expected her every hour. January 24th, at 6 a. m., the German schooner *Fernside* arrived, bringing five men that belonged to the *Hawaii*, and the report that the bark was a total loss, having run ashore on the north-west end of the island of Tarawa. The next morning at daylight weighed anchor, made sail and went out of the south-west passage, bound for Tarawa to relieve Captain Whitney and passengers. I arrived on the 4th of March, having experienced very boisterous weather. March 5th, delivered letters to Captain Whitney and received six passengers. After business was settled, signed six people, all that wanted to go at that time. March 7th, hoisted anchor and made sail for Apurima, where we arrived the same day. Signed four people as laborers, and as there was no prospect of getting more at that time, on March 10th, weighed anchor and made sail for Jaluit, where we arrived after a pleasant run of three days. After getting water and finishing business here my anchor and made sail for Honolulu. The reason I did not try more of the islands for laborers was that after consulting with Captain Whitney, thought, considering the expenses we were in, it would not pay to do so. Under the circumstances, in which I was placed, I could not take the voyage, to let him, and so paid her passage instead. The man I landed at Tarawa as he desired.

My passengers are all well, having had but little sickness during the voyage and no deaths. I feel pleased to say that the *Storm Bird* is in excellent order and ready for any voyage. In conclusion, I hope my actions may meet with your approval. With much respect, I remain your obedient servant.

CHAS. H. TURNER, Master H. G. brig *Storm Bird*.

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